



Senate

General Assembly

File No. 227

January Session, 2007

Substitute Senate Bill No. 1101

Senate, April 2, 2007

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MOTOR VEHICLE REPAIRS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-354 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) No automobile physical damage appraiser shall require that
4 appraisals or repairs should or should not be made in a specified
5 facility or repair shop or shops. Such appraiser shall include with the
6 appraisal the following notice, printed in not less than ten-point
7 boldface type:

8 NOTICE

9 YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR
10 SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL
11 BE REPAIRED.

12 (b) No insurance company doing business in this state, or agent or

13 adjuster for such company shall require any insured to use a specific
14 person for the provision of automobile physical damage repairs,
15 automobile glass replacement, glass repair service or glass products
16 unless otherwise agreed to in writing by the insured.

17 (c) Except as provided in a consumer's automobile liability
18 insurance policy, no insurance company doing business in this state, or
19 agent or adjuster for such company shall (1) reduce the amount of
20 deductible or premium or offer additional warranties if the consumer
21 chooses a preferred repair facility, or (2) suggest that choosing a
22 facility other than a preferred repair facility will result in delays in
23 repairing the motor vehicle, a lack of guaranty for repair work or
24 additional costs to the insured.

25 Sec. 2. (NEW) (*Effective October 1, 2007*) (a) No insurer which issues
26 in this state automobile liability insurance policies, as defined in
27 section 38a-341 of the general statutes, shall be liable for supplemental
28 charges assessed by a motor vehicle repair shop, as defined in section
29 14-65e of the general statutes, unless the insurer or the insurer's
30 representative is given reasonable notice by such repair shop of the
31 need for supplemental repairs and a period not to exceed seventy-two
32 business hours after receipt of notice to inspect the motor vehicle prior
33 to the commencement of such repairs. For purposes of this subsection,
34 "supplemental charges" means (1) charges for additional parts or labor
35 found to be necessary by such repair shop during the course of repair
36 work where the charges are not included in the initial estimate of the
37 parts and labor necessary to complete the repair, or (2) any deviation
38 by such repair shop from any initial authorization for parts or labor as
39 prepared by the insurer or the insurer's representative that is legally
40 liable for compensating an insured for damage to the vehicle.

41 (b) Such insurer or the insurer's representative may waive the right
42 to inspect a motor vehicle under the provisions of this section.

43 Sec. 3. Section 14-64 of the general statutes is repealed and the
44 following is substituted in lieu thereof (*Effective October 1, 2007*):

45 The commissioner may suspend or revoke the license or licenses of
46 any licensee or impose a civil penalty of not more than one thousand
47 dollars for each violation on any licensee or both, when, after notice
48 and hearing, the commissioner finds that the licensee (1) has violated
49 any provision of any statute or regulation of any state or any federal
50 statute or regulation pertaining to its business as a licensee or has
51 failed to comply with the terms of a final decision and order of any
52 state department or federal agency concerning any such provision; or
53 (2) has failed to maintain such records of transactions concerning the
54 purchase, sale or repair of motor vehicles or major component parts, as
55 required by such regulations as shall be adopted by the commissioner,
56 for a period of two years after such purchase, sale or repairs, provided
57 the records shall include the vehicle identification number and the
58 name and address of the person from whom each vehicle or part was
59 purchased and to whom each vehicle or part was sold, if a sale
60 occurred; or (3) has failed to allow inspection of such records by the
61 commissioner or the commissioner's representative during normal
62 business hours, provided written notice stating the purpose of the
63 inspection is furnished to the licensee, or has failed to allow inspection
64 of such records by any representative of the Division of State Police
65 within the Department of Public Safety or any organized local police
66 department, which inspection may include examination of the
67 premises to determine the accuracy of such records; or (4) has made a
68 false statement as to the condition, prior ownership or prior use of any
69 motor vehicle sold, exchanged, transferred, offered for sale or repaired
70 if the licensee knew or should have known that such statement was
71 false; or (5) is not qualified to conduct the licensed business, applying
72 the standards of section 14-51 and the applicable regulations; or (6) has
73 violated any provision of sections 42-221 to 42-226, inclusive; or (7) has
74 failed to fully execute or provide the buyer with (A) an order as
75 described in section 14-62, (B) the properly assigned certificate of title,
76 or (C) a temporary transfer or new issue of registration; or (8) has
77 failed to deliver a motor vehicle free and clear of all liens, unless
78 written notification is given to the buyer stating such motor vehicle
79 shall be purchased subject to a lien; or (9) has violated any provision of

80 sections 14-65f to 14-65j, inclusive, or section 2 of this act; or (10) has
81 used registration number plates issued by the commissioner, in
82 violation of the provisions and standards set forth in sections 14-59
83 and 14-60 and the applicable regulations; or (11) has failed to secure or
84 to account for or surrender to the commissioner on demand official
85 registration plates or any other official materials in its custody. In
86 addition to, or in lieu of, the imposition of any other penalties
87 authorized by this section, the commissioner may order any such
88 licensee to make restitution to any aggrieved customer.

89 Sec. 4. Section 14-65i of the general statutes is repealed and the
90 following is substituted in lieu thereof (*Effective October 1, 2007*):

91 (a) Each motor vehicle repair shop shall prominently display a sign
92 [24] twenty-four inches by [36] thirty-six inches in each area of its
93 premises where work orders are placed by customers. The sign, which
94 shall be in boldface type, shall read as follows:

95 THIS ESTABLISHMENT IS LICENSED WITH THE
96 STATE DEPARTMENT OF MOTOR VEHICLES.

97 EACH CUSTOMER IS ENTITLED TO...

- 98 _____
- 99 1. A WRITTEN ESTIMATE FOR REPAIR WORK.
- 100 2. A DETAILED INVOICE OF WORK DONE AND PARTS SUPPLIED.
- 101 3. RETURN OF REPLACED PARTS, PROVIDED THE REQUEST IS
102 MADE AT THE TIME WRITTEN OR ORAL AUTHORIZATION IS
103 PROVIDED FOR WORK TO BE PERFORMED.
- 104 _____
- 105 NO REPAIR WORK MAY BE UNDERTAKEN ON A VEHICLE
106 WITHOUT THE AUTHORIZATION OF THE CUSTOMER.
- 107 NO CHARGES FOR REPAIR MAY BE MADE IN EXCESS OF THE
108 WRITTEN ESTIMATE WITHOUT THE WRITTEN OR ORAL

109 CONSENT OF THE CUSTOMER.

110

111 QUESTIONS CONCERNING THE ABOVE SHOULD BE DIRECTED
112 TO THE MANAGER OF THIS REPAIR FACILITY.

113 UNRESOLVED QUESTIONS REGARDING SERVICE WORK MAY BE
114 SUBMITTED TO:

115

116 DEPARTMENT OF MOTOR VEHICLES

117 DEALER REPAIR DIVISION

118 60 STATE STREET, WETHERSFIELD, CONNECTICUT

119 TELEPHONE:

120 HOURS OF OPERATION:

121 (b) Each motor vehicle repair shop shall post a sign, as required by
122 this subsection, in each area of its premises where work orders are
123 placed by customers. The sign shall state: (1) The hourly charge for
124 labor; (2) the conditions, if any, under which the shop may impose
125 charges for storage, and the amount of any such charges; and (3) the
126 charge, if any, for a diagnosis.

127 (c) Each motor vehicle repair shop shall prominently display a sign
128 in each area of its premises where work orders are placed by
129 customers. The sign, which shall be in boldface type, shall read as
130 follows:

131 THE CUSTOMER HAS THE RIGHT TO CHOOSE THE LICENSED
132 REPAIR SHOP WHERE THE DAMAGE TO HIS OR HER MOTOR
133 VEHICLE WILL BE REPAIRED.

134 [(c)] (d) The Commissioner of Motor Vehicles shall determine the
135 size, type face and form of the signs required by this section.

136 Sec. 5. Section 38a-364 of the general statutes is repealed and the

137 following is substituted in lieu thereof (*Effective October 1, 2007*):

138 (a) For the purposes of sections 14-12b and 14-12c, subsection (a) of
139 section 14-13, sections 14-213b and 14-217 and this section, "private
140 passenger motor vehicle" shall have the same meaning as in subsection
141 (e) of section 38a-363.

142 (b) Each insurance company which issues private passenger motor
143 vehicle liability insurance providing the security required by sections
144 38a-19 and 38a-363 to 38a-388, inclusive, shall issue annually to each
145 such insured an automobile insurance identification card, in duplicate,
146 for each insured vehicle, one of which shall be presented to the
147 commissioner as provided in section 14-12b and the other carried in
148 the vehicle as provided in section 14-12f. Except as provided in
149 subsection (c), such card shall be effective for a period of one year and
150 shall include the name of the insured and insurer, the policy number,
151 the effective date of coverage, the year, make or model and vehicle
152 identification number of the insured vehicle and an appropriate space
153 wherein the insured may set forth the year, make or model and vehicle
154 identification number of any private passenger motor vehicle that
155 becomes covered as a result of a change in the covered vehicle during
156 the effective period of the identification card. When an insured has five
157 or more private passenger motor vehicles registered in this state, the
158 insurer may use the designation "all owned vehicles" on each card in
159 lieu of a specific vehicle description. Each such insurance company
160 that delivers, issues for delivery or renews such private passenger
161 motor vehicle liability insurance in this state on or after October 1,
162 2007, shall include on such card, the following notice, printed in capital
163 letters and boldface type:

164 NOTICE

165 YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR
166 SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL
167 BE REPAIRED.

168 (c) Whenever a binder for such insurance is issued by an agent, the

169 agent shall also issue a temporary identification card, in duplicate, for
170 each covered vehicle effective for a period of sixty days from the date
171 on which the binder becomes effective. Such temporary cards shall
172 include the name of the insured and insurer, the printed name and
173 signature of the agent or authorized representative, the effective date
174 of the binder, the policy number or, if such number is not available, the
175 agent's code number and the year, make or model and vehicle
176 identification number of the insured vehicle.

177 (d) The provisions of this section shall apply only to private
178 passenger motor vehicles registered in this state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	38a-354
Sec. 2	<i>October 1, 2007</i>	New section
Sec. 3	<i>October 1, 2007</i>	14-64
Sec. 4	<i>October 1, 2007</i>	14-65i
Sec. 5	<i>October 1, 2007</i>	38a-364

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill specified that automobile insurers are not liable for a repair shop's supplemental charges, provided reasonable notice is provided, and requires certain notices informing consumers of the right to choose a repair shop. In addition, the bill authorizes the Department of Motor Vehicles (DMV) to suspend or revoke a repair shop's license, require restitution, or impose a fine of up to \$1,000.

There is no fiscal impact to the Department of Insurance or DMV.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 1101*****AN ACT CONCERNING MOTOR VEHICLE REPAIRS.*****SUMMARY:**

This bill specifies that automobile insurers are not liable for a motor vehicle repair shop's supplemental repair charges unless the shop gives the insurer (1) reasonable notice of the need for supplemental repairs and (2) up to 72 business hours to inspect the vehicle before the shop starts the additional repairs. The insurer may waive the inspection. Thus, the bill makes an insurer liable for supplemental charges if it receives reasonable notice from the shop and does not inspect the vehicle or waive the inspection within 72 business hours. (The bill does not define "business hour.")

The bill prohibits insurers and their agents or adjusters, unless provided for in a person's automobile insurance policy, from (1) reducing the person's deductible or premium or offering extra warranties if a preferred repair shop performs the repairs or (2) suggesting that repairs made at a non-preferred repair shop will cost more, be delayed, or not be guaranteed. (By law, an insurer cannot require a person to use a specific shop.) The bill also requires a consumer notice with damage appraisals, in repair shops, and on automobile insurance identification cards that a person has the right to use the repair shop of his or her choice.

If a repair shop violates either the supplemental charge provision (presumably meaning it does not give an insurer reasonable notice and up to 72 business hours for inspection) or fails to properly display the consumer notice, the bill authorizes the Department of Motor Vehicles (DMV) commissioner to suspend or revoke the repair shop's license to

operate, impose a fine of up to \$1,000, require restitution, or any combination of the three.

EFFECTIVE DATE: October 1, 2007, except for the provisions prohibiting certain insurer actions and requiring a consumer notice on an appraisal, which are effective July 1, 2007.

SUPPLEMENTAL CHARGES

Under the bill, “supplemental charges” means (1) charges for additional parts or labor that the repair shop determines necessary but were not included in the initial parts and labor estimate or (2) any deviation from the insurer’s initial parts and labor authorization.

CONSUMER NOTICE

Appraisals

Beginning July 1, 2007, the bill requires an automobile physical damage appraiser to include with the appraisal the following notice in at least 10 point boldface type (**this is 10 point boldface**):

YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL BE REPAIRED.

Repair Shops

By law, repair shops must display signs showing labor and storage rates, informing customers of certain rights, and how to contact the DMV. Beginning October 1, 2007, the bill requires every motor vehicle repair shop to prominently display a sign in the area where customers place work orders that is in boldface type and reads as follows:

THE CUSTOMER HAS THE RIGHT TO CHOOSE THE LICENSED REPAIR SHOP WHERE THE DAMAGE TO HIS OR HER MOTOR VEHICLE WILL BE REPAIRED.

Insurance Identification Cards

By law, insurers must issue automobile insurance identification cards annually, in duplicate, for each vehicle insured. Beginning

October 1, 2007, the bill requires the identification cards to include the following notice in boldface type:

YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL BE REPAIRED.

BACKGROUND

Motor Vehicle Repair Shops

By law, no one may operate a motor vehicle repair shop without a DMV-issued new car dealer's, used car dealer's, repairer's, or limited repairer's license (CGS § 14-52). A "motor vehicle repair shop" means a new car dealer, a used car dealer, a repairer, or a limited repairer (CGS § 14-65e).

"Repairer" includes any person, firm, or corporation qualified to conduct such business, having a suitable facility and adequate equipment, engaged in repairing, overhauling, adjusting, assembling, or disassembling any motor vehicle. It excludes a person engaged in tire repairs, upholstering, glazing, general blacksmithing, welding, and machine work on motor vehicle parts when a licensed repairer disassembles and reassembles the parts (CGS § 14-51(3)).

"Limited repairer" includes any qualified person, having a suitable place of business and adequate equipment, engaged in the business of minor repairs, including cooling, electrical, fuel, and exhaust system repairs and replacement; brake adjustments, relining, and repairs; wheel alignment and balancing; and shock absorber repairs and replacement. It excludes lubricating motor vehicles; adding or changing oil or other motor vehicle fluids; changing tires and tubes, including the balancing of wheels; or installing batteries or light bulbs, windshield wiper blades, or drive belts (CGS § 14-51(4)).

Preferred Repair Shops

Some automobile insurers enter into contracts with specific repair shops who agree to provide services to customers at a discounted price. The insurer's customer may choose either a preferred shop or a

non-preferred shop for repairs, but the insurer might only guarantee repairs performed at a preferred shop.

Related Bills

SB 739, favorably reported by the Transportation Committee, prohibits insurers and appraisers from requiring or requesting customers to use specific repair shops unless agreed to in writing.

SB 1304, favorably reported by the General Law Committee, would move some responsibility for licensing and regulating appraisers from the Insurance Department to the Department of Consumer Protection.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/13/2007)